

Interview with Eric Newman, likely February 10, 2006, discussing Spanish dollars and early circulating coinage of America.

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WOMAN: Let me make sure the machine is on and we'll get going. Okay, we're good.

SPEAKER: I don't know whether to make this... you see, the word "Hispanic" is so popular today but really it is "Spanish" I think. Don't you?

WOMAN: I would think because we're talking a period when Spain, per say, was the influence, right?

SPEAKER: Well it was Spanish. In other words, the South American was all Spanish. Colonies, but they didn't get their independence until the 1800's.

WOMAN: Yeah, I think you're right.

SPEAKER: The Spanish-American origin is of the dollar. I thought I'd tell you about it. With respect to the.... Is the thing on?

WOMAN: Yes. I got it on. I just turned it on. I turned it on a little bit ago.

SPEAKER: All right. We will start with a very simple, simple situation.

WOMAN: Okay.

SPEAKER: The original large, silver coin of central Europe was the Joachimsthaler, which was the name given to the large size silver coin that was made from the
... I don't know where it is now... it was here somewhere..... which was made from the silver found in what is now Czech Republic. This large coin was made the valley of what was called, Joachimsthal, or in other words Joachims valley. The name of the coin was just named after the place where the silver was mined and the coinage was made; so that became Joachimsthal and the put an -er on the end making it Joachimsthaler. That was a little too long to pronounce so they dropped the Joachims name on the front and called it a thaler, which was just a valley-coin.

WOMAN: That is great.

SPEAKER: This is all very well known. I've done a lot of history work on it. When this large silver coin; and any coin of that size that was made after that was called a thaler. That was translated into Italian as "Tallero" and

(Phone ringing)

SPEAKER: In Dutch it would be "Dalder". And then in Sweedish, it was very similar. In English, "Dollar". And so you have all of these expressions coming out of this word, "valley", and in the American colonies as early as 1700 approximately, the term "Dollar" was used, even though there was no coin made, there was similar to it. The name...

(Phone ringing again)

WOMAN: I'm going to get your phone.

SPEAKER: All right.

SPEAKER: The word spanish-dollar began to be used because the leading coin of the world was the peace of 8, reales, commonly knows as the peace of 8 or the spanish-dollar. So we will exhibit examples of that spanish-dollar which was made out of the silver of the new world and was coined in Mexico and Lima Peru and several other mints in Central and South America. This dollar... this is a late one, 1796. These come in all kinds of sizes and these dollars were very crude in the beginning because they were not circular and they called them cob dollars because "cob" means that they edged... the edge was not circular; it was just cut off to hit the proper weight of silver. This is a typical one that is just chopped off, that's called a cob, which means cut-off a piece of metal. Then it was stamped insignia on both sides and that became the money of the...

WOMAN: Why was it called "pieces of 8"?

SPEAKER: Because the denominations was eight reales. The eight reale is singular. This because the basic money of the entire world in the late 17th century and the 18th century primarily and continued on. Now there were smaller denominations than the eight reales. There would be a four reales, a two reales and then one reale. And even half a reale. This money was called and relied upon. You usually had to weigh it to make sure you weren't cheated. It was a very popular circulating item during all of this period. Now we used it in America because the English would not let us coin our own money. We didn't have any silver to coin it with in the first place. We would get a small amount of silver from trading with the Central and South American Spanish colonies, but then the English required the silver to be sent back to England, which it sometimes was.

It is very, very complicated as to how the American colonies reduced the dollar or the Spanish dollar to a medium of exchange that they could do their calculations and have their prices and so forth in. In the relationship in the American colonies and England, we used pound, shilling and tenths, which were the English denominations of the sterling coinage of England. They weren't proper to be used in America because if a person

owed, let us say, 500 pounds, 6 shillings in America... the ability to pay that to somebody in London required money to be shipped to London and the risks on that were so severe that the money owed in New York to an English firm would not be worth what it was if it had been payable in England. So, a discount always took place which would inflate the value of the American exchanges so America had in New England 6 shillings to the Spanish dollar, in New York 8 shillings to the Spanish dollar, in Pennsylvania New Jersey, 7 shillings and 6 tenths to the Spanish dollar and so on various amounts to the Spanish dollar. The Spanish dollar was always the silver basis for any exchange in early America.

The Spanish dollar... you can see.... Here's one of a 1745. I want you to see that. It is so beautiful. It has two large columns. Those are the Pillars of Hercules, which was the name of the Straits of Gibraltar because Gibraltar has this enormous rock on one side and a small prominence on the other side and this was the open ocean after that out of the Mediterranean. Then over the ... then as the world I need to get that lens for you.

WOMAN: No. No. I can see it.

SPEAKER: The new world and the old world are globed between the two pillars of Hercules, meaning that...the crown... it had a crown over the top of the two, meaning that Spain controlled the new world and the old world. In addition to that, there were two words on these columns. There were two words on these columns, which you can... I don't know if you can see them, "Plus Ultra". Can you see "Plus"?

WOMAN: Yes, I can see it.

SPEAKER: It is wound around one column. "Plus Ultra" means more beyond. In other words, this referred to the new world beyond Gibraltar and all of the wealth and opportunity. The Spanish dollar became the basis for all economic thinking.

WOMAN: Tell me again, Eric, about when that was that coined?

SPEAKER: This was 1745. These were milled, which means they are circular and round and that began in 1732 and continued thereafter, eliminating the square and rough cut coin of equivalent weight that they had had before that. Now, these were so popular that the equivalence in a transaction would always be translated from the money in an account in America to Spanish dollars. That would be... that would primarily be the trade between the American colonies and the Central and South American pieces. In other words, America was supposed to turn all of its merchandise and products and sell them to England and England would end up with the money regardless because the colonies were supposed to buy as much as they could from England. It was a one way street which started festering the objection by the American colonies to be economically controlled by England and being treated unfairly. That was part of the cause of the American Revolution. When the Revolutionary War began, the Continental Congress, which was a consolidation of the group acting together, all the different colonies acting together, issued their first money; they selected the Spanish dollar as the denomination of

the paper money. The original paper money of the Continental Congress is.... [I don't have it. I don't know what I did with it] ...is in Spanish dollars.

WOMAN: Here is a piece. Is that supposed to be somewhere?

SPEAKER: I'm gonna get to that in a minute.

WOMAN: Okay.

SPEAKER: Now in order to make change, there was insufficient Spanish money in circulation. This is a four reale piece. This is a two reale piece. This is one reale and half a reale. In other words, they made all of the smaller coins of the eight reale silver piece in... this is a half of a piece of eight... four... a quarter of one....a two... this is one-eighth and this is one-sixteenth. Now they didn't make enough of these to make it practical to circulate. The people themselves took care of that matter by chopping the larger piece of eight in to bits. You take a chisel and cut them in two diagonals across a piece of eight and you get a quarter of that piece of eight, which the smaller bits were one-bit of the one reale and two bits were two reales and two bits being one-quarter of a Spanish dollar and so the expression "two-bits", "four-bits" came to be.

WOMAN: I have always wondered where that came from. I never understood that. That's wonderful.

SPEAKER: This is a standard in America for a couple hundred years. Here is a two-bit piece. Now when they cut these into quarters and in to halves and in to other portions, the tendency for the cutter was to steal a little bit of silver and not cut it exactly so that it was a quarter, but to have it almost a quarter and steal a couple of cents worth of silver and in that way they made lots of these cut pieces for circulation. So, these cut pieces were standard in circulation and that took place routinely.

WOMAN: That is a great story. I love that. That is fascinating.

SPEAKER: Two bits is a quarter and that's two reales; that was satisfactory, but when you made one bit, that was 12 ½ cents, and 12 ½ was a very odd denomination when you're using the decimal system so the paper money that was put out after the American Revolution in switching over and dropping pounds and shillings and tenths would have to be in the Spanish calculation, which would be the 12 ½ cents for the equivalent of one reale and so.... All of the paper money from the 20's and 30's is all in 12 ½, 37 and 87... all of them.... And this a 12 ½ and 6/25 and 18 ¾ so you have the hang over the Spanish money system in the American money system for this particular period. So, I will have a display of all of these fractional pieces. Here is more of them. Some of them even use the word "bits" on the coins themselves. Here is....I'll just show you this.... Here is on bit; two bits... 25-cents; two bits on the piece of paper money so this is the equivalent for when paper money had to be issued to keep on using the bits. So, that is always a very interesting display to show how people could....

WOMAN: This system.... Well, I guess if you weren't used to the decimal system it wouldn't be so hard. I mean...

SPEAKER: People can calculate with money without any question. They could be completely illiterate and have no trouble correlating money.

WOMAN: They didn't start out with the decimal system? So, that helped.

SPEAKER: No. They never had the decimal system because we had, in money, pounds, shillings, tenths... 12 tenths to a shilling and a 20-shillings to a pound and so you added 21 shillings to a ginny and so everything was very complicated. England wouldn't change and so that as it. We had all sorts of problems with respect to the bits. By 1812 to 1815, one of the banks in New Orleans had so many bad pieces; two bit pieces in circulation and good ones that people couldn't tell the difference so the bank stamped them with the insignia of the bank. They had "PB" and that stood for the "Planters Bank". They put New Orleans underneath Planters Bank to show that it was good. Then of course, other people counterfeited the PB and so the cheating was not unusual. Then throughout the West Indies, I'm showing various stampings on the cut bits in order to validate those as being able to circulate. Here is one from one of the islands in the West Indies, a whole group of bits, which have the stamping on them.

WOMAN: Oh. I see.

SPEAKER: ...to validate them. The sides are cut with a scalloped straight edge in order to show that they were honestly cut out.

WOMAN: Oh. That is interesting that they wouldn't cut a shape.

SPEAKER: These would fit together like this; showing...

WOMAN: And they really would fit together? The stamp you are talking about... is that the circular one there?

SPEAKER: Huh?

WOMAN: The stamp you are talking about? Is that the circular one? No. The whole thing.

SPEAKER: No. This would not have that circular one. This has the West Indies kind of stamp. Different Islands had different stamps.

WOMAN: Okay.

SPEAKER: So, this now... you see it took five of these to cut out a dollar.

WOMAN: Yeah.

SPEAKER: This would be another way of cheating because if the Americans would pass these as two bits, but they didn't really weigh enough to be that and the others cut this into five parts and only stole the little dallies that were cut by the chisel that had the osculating design on it. These are all very.... We will explain these in detail.

Now, another thing that was done with the Spanish money was to use it for advertising. It was popular in those days to put a business advertisement on a piece of money. So, here are two reales Spanish pieces, which have been stamped with an advertisement on there. Here is mineral water, Baltimore Street... Knights Mineral Water, Baltimore Street. This one is San Francisco.

WOMAN: Oh my goodness. Mineral water [42:00] That is great. That is wonderful. Oh my goodness. It has "nice mineral water saloon". I love it.

SPEAKER: Yeah. This would be used for advertising.

WOMAN: Amazing. Did people then pay the coin makers to do that? Is that what they did?

SPEAKER: What?

WOMAN: Like, say... the Mineral water place. Would they pay the coin maker to do this?

SPEAKER: No. They would take the money out of circulation and stamp it and then put it back in to circulation in order to get people to buy their mineral water. The doctored it. It was a way of advertising on the money.

WOMAN: That is fascinating.

SPEAKER: So, we'll.... This is always a very popular thing.

WOMAN: Yeah. I'll give you these back. I don't want to touch them with this hand; I have ink stain on it. These are really great.

SPEAKER: The popularity of ... and here's some more. Here's a doctor advertising. "Consult Dr. Darvey, Boston". Here is a doctor advertising.

WOMAN: Amazing. And they are doing it again. These are really neat. [drops something]. Oops I'm sorry.

SPEAKER: Then in addition to those guys, the Spanish government decided that no one would really know the difference if they stamped a two-reale piece with less silver in it that it really should have had. In other words, you wouldn't cheat much; you'd only cheat a little bit and hope that the money would still circulate and in that way, instead of

having taxes for the people you had cheating by stealing silver. Now the government of Spain did that but they wouldn't allow any colonies to cheat. The people of course, caught on to this immediately. These were called... these became part of the decimal system because they took enough silver out of the two-reale pieces and they were equivalent to 20-cents instead of the 25-cents. So, they stole 5-cents worth of silver. The Spanish government then was very happy because the King didn't have to levy taxes from anybody, he just stole the money from the currency in circulation. This then became a "pistareen".

WOMAN: Pistareen?

SPEAKER: Yes. The "pistareens" became worth 20-cents. And one of the... I'm going show one of the books for Sunday School for the children, "The Four Pistareens". I'm showing this because it's a story of an honest little boy who pointed out that he would be in the transaction where he wasn't paying the full amount because he was using depreciated money to pay and it shows how honest he was and that... this book is dated I think around 1830.

WOMAN: That's wonderful. Okay.

SPEAKER: Here. 1837.

WOMAN: 1837.

SPEAKER: That was the basis for a lot of the circulating money in the United States until about 1857 when the government redeemed all of the Spanish money because we had coins in sufficient amounts of our own money to have the circulation of Spanish money take over. So, Mexican money was very, very common and in circulation up until 1857. Even after 1857, but that cleaned up most of our money so that we had our own money in circulation.

Now... we talked about all of this.... I don't know what I did here. The affect of this 12 ½ cent money on the American economy remained until very, very recently. The trading value on the New York Stock Exchange was set at one-shilling between buy and sell. In other words, the difference in the price of a stock would be 1/8th. And that was equivalent to one-shilling of New York money of account. And that remained and one-eighth and one-quarter and three-eighths and so forth... in other words, we kept that until the 1980's or 90's when we changed over to the decimal system on the New York Stock Exchange. So, for two-hundred years we had the leftovers of the Spanish calculation in our stock exchange transactions and bonds too in eighths, sixty-fourths and stuff like that and so on. Now the other element of the stock exchange probably of the Spanish influence is the dollar sign. This is a situation where this mysterious "S" with the two vertical strokes across it was used and is still used routinely. For a long while nobody knew why. A mathematician, by the name of Cajori, did a great deal of work on the origin of this peculiar "S" with the two vertical bars. I picked up the trail after he had done this about 50 or 60 years ago and I began to research it further and there were a lot

of claims by a lot of different people as to what it really was. Some people logically said that it was the Spanish dollar and the “S” for Spanish and the 2 columns that I showed you were on the Spanish eight reales and that was what the dollar sign came from. That of course, is not true. We had a long time struggling to do that. I wrote a 75-page article studying all of the printed and written material relating to the dollar sign that I could find and pushed it back to 1769 to a... what’s called, “Bayou Manchac”, which is a Bayou in Louisiana; south of Baton Rouge, where the written letters of an English colonist was kicked out of New Orleans by the Spanish because he was English, opened a store and his letter books were found and studied and in his letter books he uses a symbol that looks like the beginning of the dollar sign. I have written all of this up. This is very, very interesting because the dollar sign is nothing but the Spanish word for “Peso” and the plural of “Pesos”. They used to write the “P” in script; a big “P” and then put an “S” above the “P”; in other words, a big “P” like this and “S” for Pesos, which was the Spanish dollar. That took two lines and to make out an invoice, it wasted paper. They started to put the “S” over the top of the “P” and the 2-lines of the “P” are 2-vertical lines of the “P” are over the “S” and you can see this tendency to squash down the abbreviation for Pesos to what looked like the dollar sign. Nobody, since I wrote that up about 20-years ago, has claimed otherwise.

WOMAN: That’s fascinating.

SPEAKER: I’ve also traced the first printed use of the dollar sign to Benjamin Franklin’s grandson in the Aurora Newspaper in Philadelphia. That’s part of the fun I have. We take all of these things for granted and have no idea where they come from.

WOMAN: Well, that’s true.

SPEAKER: There is a logic as to where they come from.

WOMAN: I was going to guess that it was some sort of a Spanish thing. You know?

SPEAKER: Well, the “S” gives you kind of a clue.

WOMAN: It seems like it would.

SPEAKER: But it has nothing...

WOMAN: It has nothing really to do with it.

SPEAKER: But we can’t find... and then the dollar sign.... As everybody knows, English is written from left to right. The Asian languages are written from right to left. The only exception in the English language is six-dollars because you read the six first and the dollar after it. This is the only backward reading. Nobody realized that they are reading backwards.

WOMAN: You asked me this one time. I never got the answer. I never figured it out.

SPEAKER: I gave it to you... Oh... You see, the mind is trained to jump a denomination insignia and read the number backwards and the denomination comes after that. Well, the reason that the dollar sign is put in front of a number is so that the number cannot be increased by writing in another number. It stops the left-hand side of being increased. That is why you put the XX in the hundred on the right hand side to stop the back side with the period, example: \$8.43 the period might be wiped out or made into a comma and made the number larger. So, the other reason why the dollar sign was put on the left side is because when you are making out an invoice, if you put the dollar sign after the number it ends up in between the item cost and the totalization when you multiply 6 times 8, you can't have the dollar sign in the middle because you don't know.. It interferes with the calculation. I had to study all of the checks from the 18th century and early 19th century to see the history. Sometimes they put the dollar sign on both sides of the number so you couldn't mess with the number. You see that in Spanish documents every now and then. I had to learn a lot of Spanish in order to study the Spanish papers in order to do that.

WOMAN: Practical genius, huh?

SPEAKER: Now, one of the items that we exhibit in the Spanish theme is to show pictures of Spanish money which is put on an American item. For example, this is a picture of the reverse of the Spanish dollar and this is the Bank of Tennessee.

WOMAN: Oh my gosh. So, it is like an instant recognition. People were then used to that.

SPEAKER: Yeah. It just shows you because this says, "a two reale piece" which is equivalent to that and then there are others... I have a whole group of other pieces not here, like Manhattan Bank, five-dollars and have five-Spanish Dollars, one on top of the other as a part of the vignette showing a picture of five-spanish dollars. This is 1840.

WOMAN: So, even if you couldn't read the five, you would know what that was.

SPEAKER: This was for people who were illiterate, but people in handling money learned to read instantaneously... you see the word five is put large here; smaller here, roman numerals here and in English there; large. So, people strangely enough, they may not be literate but see five over here; up here, so you haven't

WOMAN: That looks like Danforth.

SPEAKER: Humm?

WOMAN: That looks like Danforth. That word.

SPEAKER: What word?

WOMAN: This one. Right there. It looks like Danforth or something.

SPEAKER: Manhattan?

WOMAN: No. This signature thing.

SPEAKER: Camel.

WOMAN: Oh. Camel?

SPEAKER: OH, DANFORTH!

WOMAN: Yeah, Danforth. Interesting. I think it is.

SPEAKER: And that's Danforth. That's easily. That maybe...

WOMAN: A relative? Who knows.

SPEAKER: Washington University Danforths. Danforth is not an unusual name so... No. We run in to every name you have every heard of as the offices of various banks and issuers of paper money. So, this is always a popular...

WOMAN: This is fascinating. It really is. Was there a certain...? Were all of these blank on one side? Were these only printed on one side?

SPEAKER: Uh, in the beginning, in the early 1700's they were printed only on the face.

WOMAN: Okay.

SPEAKER: But, very soon they began to print on the backs. It is cheaper not to print on the backs.

WOMAN: Oh yeah.

SPEAKER: In colonial America, there was so much counterfeiting, that the backs were sometimes done in printing from set-type instead of an engraved plate. Benjamin Franklin, for example, said that if counterfeiting could be prevented better by setting type and ornaments and printing and his brother, James Franklin, said that it is better to have the piece engraved. Eventually James Franklin changed his mind to what Ben thought. Ben felt that you could have so many type-fonts in a piece of paper money that it would be very difficult for a counterfeiter to get the same type-fonts and would have to engrave the type material and that was too difficult for them. Another problem of having an engraving is that engraving, if it isn't accurate can be changed by hammering the back and straightening it out and engraving it over again. So, if you publish a defect in the

counterfeit, they just change it to correct their mistake. This will all be in the counterfeiting section. We have every kind of counterfeit imaginable, which people love.

Paul Revere, when arranging for Massachusetts paper money, started out with an engraving on both sides. But then to try and spoil counterfeiters, he engraved the front and printed the front and then turned the money over to a type-set engraver to do the back. So that both procedures had to be used making it more difficult for a counterfeiter.

Do you think we've... Do you think this is enough for now?

END.